



Bayfield County Administrator

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Honorable County Board Chair Dennis Pocernich, Vice Chair Fred Strand, Executive Committee Chair Brett Rondeau and County Board Members:

The proposed budget for the 2017 fiscal year for Bayfield County focuses on standing priorities of the Bayfield County Board. It is intended to be austere from an operations perspective but rich as it strives to address key initiatives that will help Bayfield County and its residents prosper in the coming years.

This document meets the requirements listed under Wisconsin State Statute, 59.18, section 5, requiring the submission of an annual budget by the County Administrator. Attached is a balanced budget in compliance with State Budget law utilizing the allowable levy limits for Bayfield County as provided by the Wisconsin Department of Revenue. This budget addresses the long term financial responsibilities of the County following County Board directives.

BUDGET PHILOSOPHY

The core service duties of the County: Highways, Law Enforcement and Health and Human Services are at the heart of this document. These departments make up 85% of county expenditures and levy authority.

Like other counties in Wisconsin the constitutional offices, Clerk, Clerk of Court, Treasurer, Register of Deed, Coroner and Sheriff are elected to maintain and focus service levels on the needs of Bayfield County residents.

The County Board supports efforts that achieves department and county wide goals that address the county mission of:

“To provide government services in an accessible, transparent, and cost effective manner to our citizens.”

The over-riding goal of this budget is to have “operating” expenditures met with “normal” and “expected” budgeted revenues. What constitutes a normal or expected revenue over time is a subject of debate. Budget’s however should be conservative and err on the side of underestimating revenues and over estimating expenditures to reduce the chance of budget shortfalls. Annual surpluses carry over from one year to another, the core operational budget however must be sustainable on its own. This is a key challenge as inflation and cost of living adjustments increase costs while the state tax formula freezes tax levies at 2009 year levels. At the same time transportation funding is insufficient to maintain critical county infrastructure.

Policies and procedures that protect the county from dramatic budget increases are important but difficult to implement. For instance, current policy provides for a wage step scale with regular wage adjustments over an 11 step schedule. These increases are balanced by new employees starting at the beginning of the schedule. Annual Health Insurance increases are addressed by shifting demographics and plan policy changes. Increased service costs within departments can be addressed by new procedures, methods and technologies.

BUDGET DIRECTION:

In addition to monthly county board and committee meetings the Bayfield County Board makes time annually to reflect and review its current position as well as future directions. The Board begins this process with a public survey in the Spring of each year. County Departments work closely with UW Extension to prepare a public survey designed to gather public input and feedback for County Supervisors. A budget planning meeting is then held to bring ideas, concerns and future directions into focus for guidance on the upcoming year's priorities and expenditure distributions. Budget survey recap is in the County Board May 31, dropbox.

In May of 2016 results of the Spring budget survey were shared. 205 public responses (3.1% of County Households) and 10 (77%) of County Board members responded to the online survey.

Respondents responded as follows on the "one thing the county could do to improve your quality of life":

Quality of Life

2. If there was one thing the County could do to improve your quality of life, what would it be? (please specify)

161 Responses

- Protect Environment/Natural Resources (incl. prevent CAFOs)
- More/Better Paying Jobs
- Improve Roads
- Lower Property Taxes

6 Responses

- More Jobs
- Improve Roads
- Improve Public Transportation



A second question regarding improving *County Service Delivery* had the following responses.

County Service Delivery

3. Bayfield County provides essential government services, including highway, law enforcement, human services, public recordkeeping, etc. How can the County improve service delivery to you? (please specify)

102 Responses	8 Responses
<ul style="list-style-type: none">• Improve Roads• Make Web Site Easier to Navigate	<ul style="list-style-type: none">• Improve Roads• Make Web Site Easier to Navigate/Easier to Access Services Electronically



● 2016 Budget Survey ● 5

The following survey priorities are addressed in the budget as follows:

- Roads: The budget includes funding of six miles of County Highway D reconstruction. In 2017 this requires a \$1.08 million contribution from the General Fund. In 2014 the Board committed \$500,000 a year over five years (\$2.5 million) towards this six-mile goal. In 2017 an additional \$578,000 (total of \$1.08 million) is required to accomplish this. In 2016 eleven miles of highway were reconstructed with the assistance of a National Forest Roads grant on county highway M.
- Livestock: Recommendations from the Large Scale Livestock Committee established in 2015 and concluding in early 2016 were reviewed by the County Health and Land Conservation Committees and recommended for approval. These are multiple year projects included in both operating and capital improvement sections of the budgets for Land Conservation and Health. These are in addition to policy recommendations in the form of new ordinances currently under review or already put into place.
- Economic Development: The 2017 budget addresses this in four key areas:
 - Support of the Bayfield County Economic Development Corporation (BCEDC). Emphasis on retaining and expansion of existing businesses in addition to creating new business opportunities is included in the BCEDC budget proposal.

Continued and *increased* support for Bayfield County Economic Development is recommended.

- Business site and infrastructure development is taking place at the Bayfield County Business Park on US Highway 2 and State Farm Road in the Town of Eileen. Road infrastructure improvements are the main focus in 2017.
- Transportation Maintenance: The County is committed to a strong transportation infrastructure. Six plus miles are planned in 2017.
- Business Succession Planning: UW Extension has worked on a Farm Succession Program. This is included in the funding request for Land Conservation. A suggestion was made to open this to all businesses, not just farms. This provides group and individual guidance on how to plan for the future.
- Emergency Communications: Communications across Bayfield County's vast landscape are a challenge. Emergency communications are critical however. Improvements are planned utilizing a new tower and control station in Washburn. That combined with the State WISCOM communication system expansion will improve communications options for all departments. Added costs associated with this equipment appear for the first time in this year's emergency management budget.

2017 BUDGET OVERVIEW

The 2017 overall budget proposes a .78% *reduction* in county expenditures in comparison with 2016. The Bayfield County Levy will remain the same as it was in 2016, with no increase.

The 2017 Budget includes: \$2.62 million in county fund balance expenditures, of this 57% is for Highway Reconstruction. Of this \$500,000 was "designated".

Proposed Fund Balances Applied in the 2017 Budget:

General Fund:	\$2,282,953 (includes \$20,000 in non-lapsing reforestation funds)
Highway	\$199,700
Jail Assessment Fund:	\$2,000
Agricultural Station Fund:	\$94,150
Dog License Fund:	\$12,000
Employee Health Fund:	\$27,079
TOTAL:	\$2,617,882

This represents approximately 44% of undesignated Fund Balance as of Jan 1, 2016.

Fund balances expenditures are down approximately \$958,477 from the 2016 budgeted fund balance expenditure of \$3,576,359. (In 2016 carry over balances from 2015 were needed for highway projects)

2017 Levy Distribution by Fund : Bayfield County spreads levy dollars amongst five funds:

- Highway \$2.24 million : This is down 2.8%.

- Human Services \$1.80 million, 0% change.
- General Fund Base Levy: \$4.98 million Up .7%
- General Fund Additional Levies: Bridge Aide, Library and net new construction allowances, \$468,765, down 12% from 2016 levy.
- General Fund Flood Disaster Unreimbursed Expense Levy: \$75,999 (One year only.)
- Veterans Relief: \$1500, 0% change.
- Dog License: \$12000, up 29% (\$2750) over 2016.

The total levy for 2017 is proposed to be: \$9,548,610 with an average countywide levy of 3.74 mills. This is exactly the same as the current year levy.

Expenditure by Major Fund Review: The County's four major funds, General, Highway, Human Services and Capital Improvements make up 97% of overall expenditures. Here are the proposed fund expenditure changes for 2017 in comparison with 2016.

General Fund expenditures are proposed to increase 4% (\$681,072) from 2016.

Human Services includes a 1% decrease in the budget from 2016.

Highway a 15% (\$1 million) decrease in expenditures in comparison with 2016.

Capital Improvement expenditures are down 6%, (\$79,483) from the previous year. A listing of projects is in the Capital Improvements Section.

County Wide Factors to Consider:

- In 2017 the Bayfield County Equalized valuation figure was unchanged from the previous year, a 0% growth. In 2016 a 2% increase occurred after five years of decline or stagnation. Levy limits restrict increases in taxes based on valuation.

In 2017, with the \$38,421 in net new construction levy increase allowance, **residents will see no change in the COUNTY levy.**

This will be the county's sixth year under the zero increase levy law. Continued operations with a zero flat tax projection stresses the need to implement long term policies that benefit the county and the importance of capital expenditures that are focused at reducing future costs.

- Forestry revenues continue to be strong. The County is fortunate to have a diversified revenue stream including forestry, property values and tourism. The county uses a cautious approach in estimating forestry and tourism revenues as they are highly dependent on a wide variety of factors unlike property taxes. *Continued focus on maintaining, protecting and enhancing these resources, in addition to exploring new and alternative revenue sources, is critical for the county's future.*
- Environmental factors associated with large scale animal farming have increased attention on improving water quality in the region. Baseline analysis begun in 2016 will

supplement Land Conservation, Health and Planning and Zoning efforts in the years ahead. Bayfield County has a long history of resource protection and preservation, working to establish baselines will help provide measuring points for the county in the years ahead and allow for better decision making.

- Net new construction continues to be the one opportunity to increase tax revenues. In 2017 that figure is .44% . This is the amount taxes can go up, for 2017 this equals \$38,421. The State average for 2017 is 2%.

Levy and Mill Rate Calculations:

The Wisconsin levy limits will be in place again in 2017. State law limits the base tax rate to the previous year's tax level. For Bayfield County the base levy amount is \$8,633,826 for all funds including net new construction in 2017.

There are several **exceptions** to the levy limit, these include debt service, net new construction, libraries and bridge aide. In Bayfield County these amount to approximately \$532,000 additional funds in 2017. Specifically:

1. **Net New Construction:** Net new construction is .44%, this equals \$38,421 in additional levy authority for the county.
2. **Library expenses:** \$378,843
 - a. Bayfield County Libraries: \$224,442
 - b. Northern Waters Library: \$36,475
 - c. Act 420 (adjacent county) Libraries: \$117,926
3. **Bridge Aide:** Available to towns for small bridges: The request for funding is \$51,501. This **includes** an additional \$30,000 for anticipated flood related requests that are being processed.
4. **Unreimbursed Flood Expenses:** In state disaster situations state law allows for unreimbursed flood related expenses to be recouped in the following year. \$75,999

Combined these total \$9,548,610 This is the proposed levy for 2017.

The proposed budget has an *average* mill rate of 3.74 mills based on a valuation of \$2,555,869,200 , a slight decrease from 2016.

IMPORTANT POLICY DISCUSSIONS:

In working through the budget several important policy topics have become apparent that necessitate additional discussion and review.

1. **Staffing:** A request for four new permanent positions (2 half time, one full time and one-part time position) are included in the budget for the Human Services, Land Records, Health and Clerk of Court Departments. At present the county has 159 full time employees, this is a 1.6% increase in staff. Addressing critical county needs with increased staff must be balanced with long term financial viability. Specific topics of

discussion are need and financial sustainability. Each of the positions has revenue generation or cost avoidance arguments associated with the positions. More detail is in the Personnel Section of the budget. All of these position requests are included in the proposed budget.

2. Highway Funding: Increased highway funding is being accomplished with General Fund transfers in the amount of \$1.08 million. At present with strong forest sales this is possible. If forest sales decline the county must consider alternative methods. Alternatives at the state level including increased transportation funding, local tax options, debt issuance or major re-prioritization are future options.
3. Law Enforcement: Treatment, Alternatives and Diversions (TAD) grant funding was used to fund one deputy position five years ago, this grant was re-awarded for 2017. This evidence based program, designed to treat and rehabilitate offenders is critical for the county to help ensure a long life for the jail.
4. Criminal Justice Efforts: Criminal Justice efforts across the state are focusing on evidence based programming that reduces recidivism. Continued focus on that goal is all important to Bayfield County as it is the driver of law enforcement, court and detention costs, currently making up more than 80% (Sheriff, Court, DA, Criminal Justice) of the General Fund Levy.
5. Trails: Trails were ranked high by residents in this year's survey. Efforts to develop, construct and maintain trails on county lands are proposed to continue in 2017. The County has received strong support for previous efforts. Equally important is master planning for motorized trails where trail closures have resulted in major disruptions. A key focus area this year will be the development of a trail masterplan. A third party trail consultant is sought to assist getting this process started due to department workload and the importance of an outside dedicated expert perspective. A draft proposal is in the CIP section of the budget. A snap shot of the trail survey question is below:

Recreational Trails

7. How important are recreational trails to you?

204 Responses

10 Responses

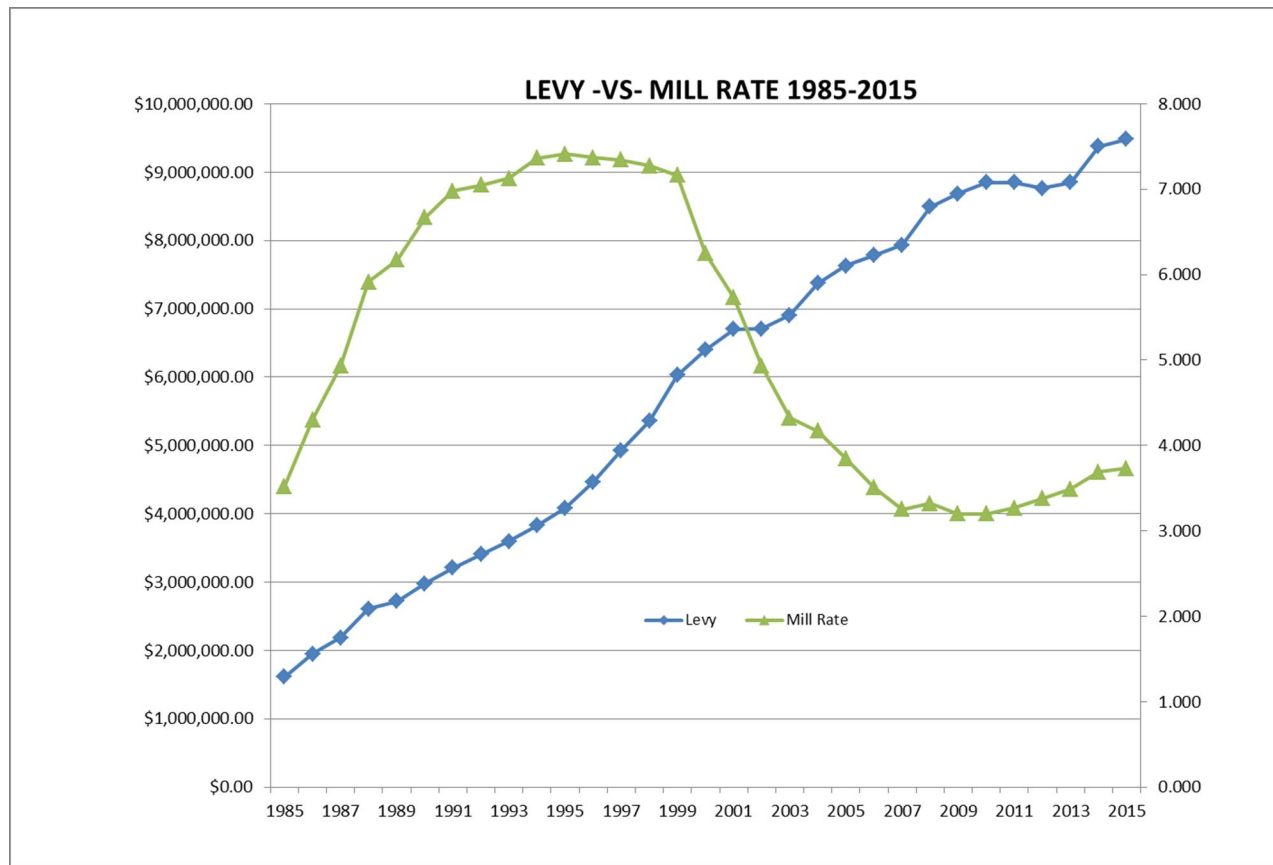
Very Important	62%	Very Important	60%
Somewhat Important	27%	Somewhat Important	30%

2017 Trends:

Levy Trend:

The following graph shows the relationship between value and equalized tax levy over the past 20 years. In 2017 the mill levy is predicted to remain the same as 2016.

BAYFIELD COUNTY TAX LEVY AND MILL RATES



County Valuation:

Equalized valuation for Bayfield County was \$2.76 billion in 2010. The past five years have seen dropping or stagnant valuations. Today, six years later county is below the 2010 level. 2016 saw a 2% increase but this year we have a 0% change. In comparison with 2010 Bayfield County's valuation is **down** over \$200 million, an 8% decrease seven years later.

Valuation figures for Bayfield municipalities are shown below for the current year. Barnes and Keystone had the highest growth with 5%, City of Bayfield was the lowest at -6%.

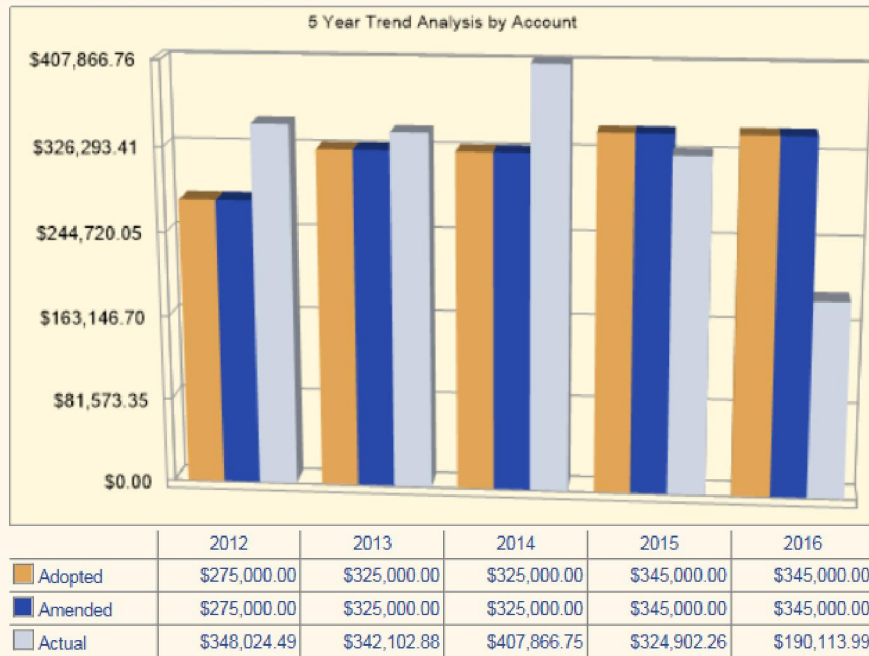
Barksdale: 0%	Delta: +4%	Keystone: +5%	Port Wing: 0%
Barnes: +5%	Drummond: +1%	Lincoln: +3%	Russell: -3%
Bayview: 0%	Eileen: +2%	Mason: +2%	Tripp: -1%
Bayfield: +1%	Grand View: -2%	Namakagon: -3%	Washburn: -4%
Bell: +1%	Hughes -1%	Orienta: -4%	Mason Village: 2%
Cable: +1%	Iron River: 0%	Oulu: +1%	Bayfield City: -6%
Clover: -5%	Kelly: +4%	Pilsen: +3%	Washburn City: -3%

Revenues:

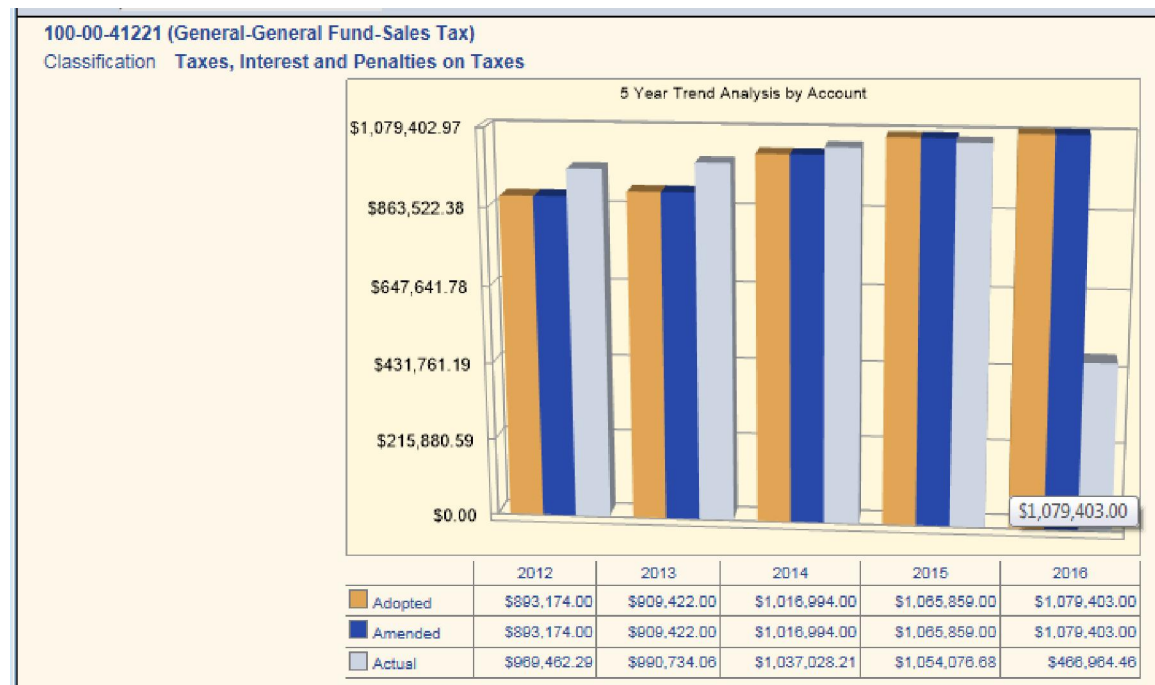
Interest on Taxes: TRENDING DOWN. In 2007 interest earnings in the County Treasurer's Department were \$773,000, the 2017 a projection of \$335,000 is down \$10,000 from 2016.

100-12-41810 (General-Treasurer-Interest on Taxes)

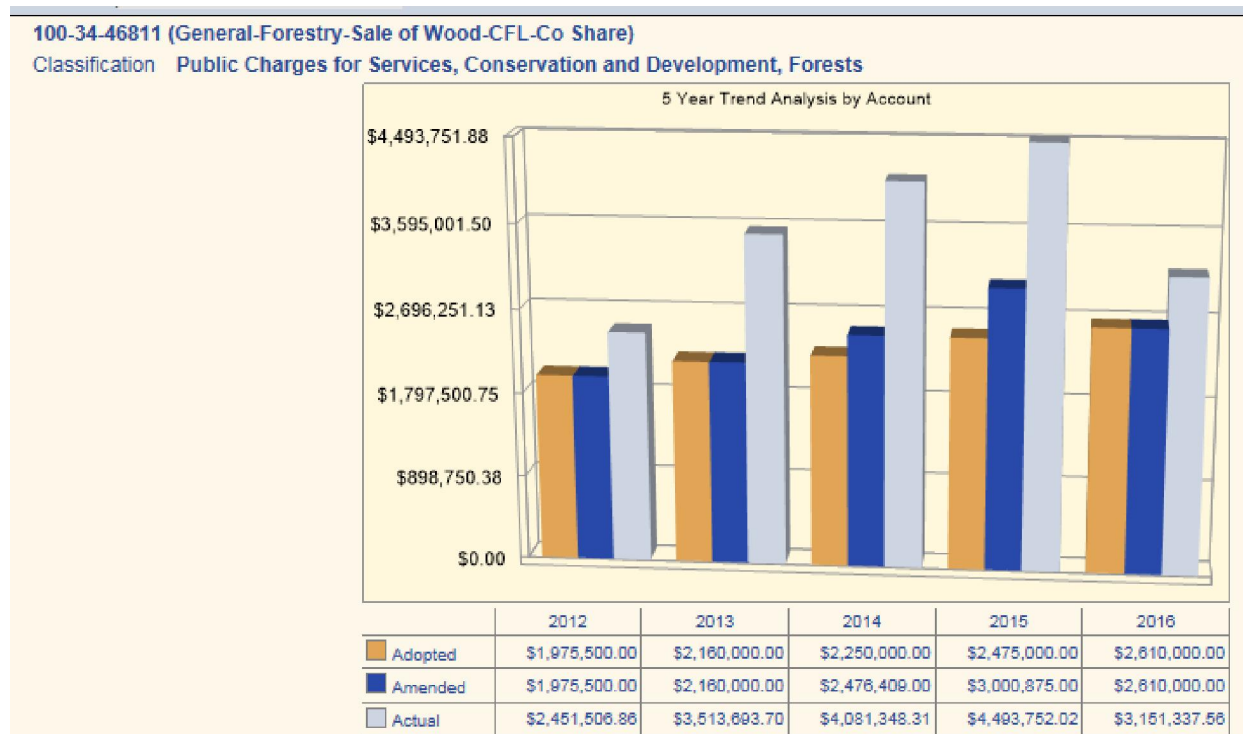
Classification Taxes, Interest and Penalties on Taxes



Sales Tax: 2017 Sales Tax Projections from the Wisconsin Counties Association are still not in due to a glitch in reporting so the 2016 figure of \$1,079,000 is included again in 2017. Once updates are received they will be inputted. As seen on the chart sales tax has climbed steadily over the years. To date, as of end of August the state is reporting sales tax receipts of: \$598,453 in comparison with \$633,716 this same time last year. The flooding and high winds in July during peak tourism season may have had some impact on this.



Forestry Revenues: Forestry revenues continue to climb and increase contributions to fund balance. The 2011 wood sales projection was \$1.99 million. The projection in 2016 is \$2.61 million which was surpassed in August of this year. Current receipts are \$3.121 million in early September. Actual receipts over the years range from \$2.14 million in 2011 to nearly \$4.5 million in 2015. The Forest Administrator anticipates getting very close to this in 2016 well over the original estimate. Continued conservative budgeting takes into account market fluctuations and the susceptibility of forest to a variety of natural and manmade events. The focus of the County Forest Program is on the “sustainable cut” as determined by the Wisconsin Department of Natural Resources. In 2017 a budget projection of \$2.79 million is estimated. Overall this represents a \$200,000 increase over 2016 budget. *This annual increase is used for operational expenses but also reduces future fund balance accruals.*



Payroll Expenditures:

Wages and Benefits: An increase is proposed in 2017 over the past several years. Historically the county has averaged in the 1.5 – 2% range. Budget direction to departments was prepared with a 3% wage increase (2.5% step increase and a .5% cost of living adjustment) for non-represented employees. This is factored into the budgets. Recently released state CPI-U figures for union contracts beginning Jan 1, 2017 is .67%. Projected increase for health insurance was based on 10%. More details are in the Personnel Section of the Budget.

Capital Projects in 2017:

A detailed listing is included in the Capital Improvement Section of the budget. **Major** new project areas included for 2017 include:

- Clerk of Court: Courtroom audio upgrades.
- Land Records: Web page mapping software upgrades,
- Courthouse Maintenance Projects: Dome Restoration
- Sheriff: Patrol Boat Replacement
- Emergency Management: WISCOM antenna
- Register of Deeds: Backscanning of deeds.
- Information Services, backup and data storage infrastructure.
- Forestry: Park Infrastructure, Trail Development, Recreation Plan,
- Fair: Electrical Upgrades, Fairgrounds Fiber Installation and Barn Improvements
- Human Services: Agency Software replacement
- Health: Hydrogeological Atlas of Bayfield County, year 1.
- Land Conservation: Field Edge Monitoring (seeking grant funding), well abandonment, farm succession planning.

Budget Highlights: Historically certain line items have been of particular interest to board members. Here is a listing of some of these, with proposals.

- Bayfield County Economic Development Funding, \$74,500, \$5000 increase.
- Bayfield County Libraries: Funded at same base level of \$187,590 as done in the past several years, plus \$36,852 for Building Strong Library Project funding in four county libraries.
- Out-of-County Libraries, controlled by Act 420, \$117,926 up \$5000 from 2016. Funded at 70% level.
- Great Lakes Visitor Center, proposed funding at \$9,000, same as 2016.
- County wide utilization of \$2.6 million of fund balance,
- Airport Funding, \$18,500. \$8500 to the Cable Airport. \$10,000 to Ashland.

JANUARY 1, 2016 : FUND BALANCE SUMMARY

End of year 2015 Fund Balances are shown below. Unassigned balances are available to the county. These are the funds used to pay one time expenses. The total unrestricted balance for Government Funds at the end of 2015 is: \$5.9 million. Unrestricted totals for Internal Services Funds is \$166,000. For enterprise (Highway and Ag Station) funds the unrestricted balances are \$2.63 million. Total unrestricted fund balance as of January 1, 2016 was \$8.66 million. The 2016 budget (current year) included expenditure of \$3.5 million, this brings available funds to the \$5.1 million level of which \$2.6 million is proposed for expenditure in 2017.

Bayfield County Fund Balance Worksheet December 31, 2015											
	General Fund	Human Services	Special Revenue Funds						Debt Service	Capital Proj	Total
	Fd 100	Fd 235	Fd 220	Fd 241	Fd 245	Fd 250	Fd 292	Fd 810	Fd 380	Fd 430	Govt Funds
Non-Spendable											
Tax Certificates	1,734,277.68	-	-	-	-	-	-	-	-	-	1,734,277.68
Tax Deeds	348,600.43	-	-	-	-	-	-	-	-	-	348,600.43
Inventory/Prepaid Expenses	129,520.86	-	-	-	-	-	-	-	-	-	129,520.86
Notes Receivable	656,540.84	-	-	-	-	-	-	-	-	-	656,540.84
Total Non-Spendable	2,868,939.81	-	-	-	-	-	-	-	-	-	2,868,939.81
Restricted											
Human Service DOT Trust Funds	-	107,797.74	-	-	-	-	-	-	-	-	107,797.74
Debt Service Repayment	-	-	-	-	-	-	-	-	1,397.58	-	1,397.58
Total Restricted	-	107,797.74	-	-	-	-	-	-	1,397.58	-	109,195.32
Committed											
County Operations	3,000,000.00	-	-	-	-	-	-	-	-	-	3,000,000.00
Levy Reduction(2016 Fund Balance Applied)	2,097,972.00	-	-	-	-	-	-	-	-	-	2,097,972.00
Highway Projects	2,000,000.00	-	-	-	-	-	-	-	-	-	2,000,000.00
Human Service Reserve Balance	-	435,000.00	-	-	-	-	-	-	-	-	435,000.00
Capital Projects	-	-	-	-	-	-	-	-	-	130,503.99	130,503.99
Total Committed	7,097,972.00	435,000.00	-	-	-	-	-	-	-	130,503.99	7,663,475.99
Assigned											
Forestry Non Lapsing Funds	202,986.55	-	-	-	-	-	-	-	-	-	202,986.55
Bridge Aids	-	-	-	-	-	-	-	-	-	-	-
Employee Wellness	-	-	104,946.19	-	-	-	-	-	-	-	104,946.19
Housing Rehab Fund	-	-	-	39,335.76	-	-	-	-	-	-	39,335.76
Jail Assessment Fund	-	-	-	-	31,298.98	-	-	-	-	-	31,298.98
Veterans Relief Fund	-	-	-	-	-	5,026.07	-	-	-	-	5,026.07
Dog License Fund	-	-	-	-	-	-	-	18,874.28	-	-	18,874.28
Total Assigned	202,986.55	-	104,946.19	39,335.76	31,298.98	5,026.07	-	18,874.28	-	-	402,467.83
Unassigned	5,904,128.13	40,988.00	-	-	-	-	(16,045.87)	-	-	-	5,929,070.26

Bayfield County				
Other Fund Balance Worksheet				
December 31, 2015				
	Fleet	Copiers	Squads	Total Internal
	Fd 720	Fd 730	Fd 760	Service Funds
Internal Service Funds				
Invested in Capital	329,838.05	14,952.68	263,635.92	608,426.65
Unrestricted	(34,353.75)	7,067.38	193,292.38	166,006.01
Total Net Positions	295,484.30	22,020.06	456,928.30	774,432.66
	Highway	Ag Station		Total Enterprise
	Fd 710	Fd 770		Funds
Enterprise Funds				
Invested in Capital	4,016,559.92	206,130.06		4,222,689.98
Unrestricted	2,473,611.03	161,806.93		2,635,417.96
Total Net Position	6,490,170.95	367,936.99		6,858,107.94
	Unclaimed Fds	HRA Fds		Total Funds
	Fd 815	Fd 850		Held in Trust
Funds Held in Trust				
COC-Unclaimed Funds	5,279.56	-		5,279.56
HRA Retirement Funds	-	721,993.67		721,993.67
Total Funds Held in Trust	5,279.56	721,993.67		727,273.23

FUNDS THAT LEVY

Of the five funds that levy dollars, all but Human Services retain their levy dollars. Bayfield County has five principal funds that utilize levy dollars. The following funds **RETAIN BALANCES**:

- General Fund
- Highway
- Veteran's Relief
- Animal Control.

The exception to this is for designated emergency reserves (Human Services) or non-lapsing dollars for specific programs and line items (Forestry, Health).

All Internal Service Funds, CIP, Squad Car Fund, Motor Pool, Dog License, Copiers, etc, retain their balances also.

HUMAN SERVICES END OF YEAR RETURN TO GENERAL FUND:

2001 - \$616,391	2006: \$460,000 (less
2002 - \$709,343	\$125,000 that went to
2003 - \$486,838	reserve)
2004 - \$0	2007: \$609,509
2005 - \$7961	2008: \$606,000
	2009: \$265,000

2010: \$529,204
2011: \$89,000
2012: \$61,729
2013: \$96,996

2014: \$158,360
2015: \$40,988

BUDGET FORMAT

The budget book is broken down into six sections.

- The introductory section includes summary information on the county budget.
- Section one “General Data & Personnel” contains demographic information, a list of County Board Supervisors and County Organizational Chart, as well as personnel related data.
- The second section “Budget Direction” contains minutes of planning meetings setting forth the county’s direction and the budget timeline. All individual departments, except Highway and Human Services are included in section three “General Fund”.
- Section four “Major Funds” includes three major funds that use levy dollars, which are not General Fund Departments; Highway, Human Services, and Capital Improvements.
- Section five “Other Funds” identifies internal service fund budgets. These funds, with the exception of the Veteran’s Relief fund and Dog License fund, do not use levy dollars to support them.
- The final section or appendix includes requests for funding from various groups that have made a budget request.

Each fund and department section includes a budget summary together with a short narrative section including; a department’s function, accomplishments of the current year, goals for the next year, emerging performance measures and staffing flow charts. The second part of each section includes the budget detail. *Please note that the top budget summary is the Administrator’s recommendation.* This modified figure reflects updated payroll information as well as recommended adjustments, increases and reductions. The department’s original proposal is in the **Department Column** in every budget.

Thanks to all departments for their effort and forethought for the 2017 year. Thanks to Scott Fibert, Bayfield Clerk and the Clerk’s Office for their assistance and preparation of materials for all departments and for Scott’s help getting the levy calculation straight. Thank you also to Kris Kavajecz for invaluable assistance.

A budget is a plan for the future. We have a plan!

Respectively Submitted,

Mark Abeles-Allison
County Administrator